

June 3, 2009 Update for Lake Point Condominiums

Overall status: **Good**

Market Status: **Poor**

533 listings (in the range of \$55,000-150,000) are listed in the East Madison market (supply side is increasing),

47 offers pending offers-28 sold East and 32 sold West, Under \$100,000 14 sold 7 east and 7 west

Lake Point Inventory- 1 duplex unit, 9 townhomes and 18 conversion units.

Traffic Overview

Residential Condominium buyer traffic has improved with the weather. West side traditional homes seem to be the prevalent competition for the townhome buyer. The brokers believe we may be priced too high in the current market.

Buyer comments express concern over the "Simpson" area, limited parking and some reservation about the bedroom size in the townhome units.

Buyers appear to be opting for the single family units on the West Side. Lake Point, with 2 and 3 bedroom units available that include only one parking space and no street parking is nonfunctional for a two person working household or others with driving age children. That does not consider the issue of visitor parking.

Contracts

One conversion unit closed on May 12,

One conversion unit contract that was referenced previously with roadblocks concerning the process of assistance funds was turned down for assistance.

One Conversion Unit is set for a June 12 closing.

Two additional Offers are being negotiated at this time, a conversion and one duplex unit.

Schedule item	Item Owner	Plan date	Actual or scheduled	Comments
Landscape	Receiver		5/17/09	Work should be complete by June 25th
Owner Punch Lists	Receiver		5/29/09	Work has started. Should be complete in 3 weeks or so (access permitted).
Laundry in Conversion units	Receiver		5/29/09	Installation of the in-unit laundry is complete. Two more units will be equipped this month.

Details

The punch list process is underway. Owners are arranging access for the various trades.

The landscape project on Broadway is 35% complete. All involved in Lake Point are excited to see its completion.

The laundry in the conversion units is attractive to prospective buyers, whether it derives a higher price remains a little suspect. That being said, merely increasing the velocity of sales will be a benefit to Lake Point.

The Lake Point Condominium Documents are being review and will be revised in the next couple of months to correct some details and address some operational issues.

Delinquent Association Dues from current owners have been reduced by liens on those unit owners who are not willing to make payments are in process.

Performance relative to the estimated budget is sound. Energy is being put toward cost efficiencies in operations.

Marketing

First Weber update-*“We suggest that the prices on the 3 bedroom townhouse units be lowered to \$139,900. There are units on the west side of Madison that are similar in size with more parking and do not experience the stigma of the neighborhood that are priced the same, therefore Lake Point will not be able to compete. Regarding the conversion units we also have found that some West side condos with 850 sq. ft. and more are selling for \$59,900 and the Garden View units are 665 Sq. Ft. with no parking for second cars or more than four guests spaces for 24 units and no parking on the street, and these units should be lowered to \$49,900.*

The Buyer for the conversion units may still be a single person with one car. The Buyers for the townhouse units will probably not be a single person but at least a couple people with two cars, and parking a second car in the small short drive way in front of your garage door is not going to work. The pricing on the Townhouse units may have to appeal to a single person with one car or a couple with one car. This will lower the buying pool greatly.”

I will follow up and research the current market sales and review the data to determine the potential pricing impact. Additionally, competitive research on the West side's opportunities and their relative pricing. The townhomes are currently priced around \$94 psf.

Currently, units are selling as low as \$46-\$51 per square foot on Moraine View Drive.

Events- None planned for June

Owners at Lake Point have joined forces for a volunteer neighborhood property enhancement. Providing labor to help the spring clean up and landscaping.

The Lake Point website has been up and links to both First Weber and the CDA's buyer assistance programs (<http://lakepointcondos.com>).

Neighborhood and parking concerns are the most prevalent objections. Several of the current resident owners have offered to explain the neighborhood condition to interested buyers in an attempt to diffuse that objection. Parking is a buyer concern we continue to work on.

As always, I'm happy to meet with the Board should they request additional information.

LAKE POINT CONDOMINIUM'S 2009 ESTIMATED OPERATING BUDGET SUMMARY										updated March 5			Date:	March 5, 2009		
<i>LPC Assoc. Operating Expenses</i>	January	February	J&F Actual	March	April	M&A actual	May	May Actual	June	July	August	September	October	November	December	Total
Building Maint & Repair	375	375	1,500	375	375	748	375	360	375	375	375	375	375	375	375	7,108
Admin. & Legal Fees	42	42	26	42	42	78	42	37	42	42	42	42	42	42	42	645
Supplies	49	49	354	49	49	82	49	111	49	49	49	49	49	49	49	1,135
Property Mgmt Fee	383	398	726	383	383	726	383	347	383	383	383	383	383	383	383	6,410
Lawn and Grounds							900	1,729	900	900	900	900	900			7,129
Snow Removal	3,810	2,650	8,825	1,000		1,465								1,500	1,500	20,750
Trash Refuse	210	210	412	210	210	312	210	269	210	210	210	210	210	210	210	3,513
Postage	5	5	16	5	5	16	5	6	5	5	5	5	5	5	5	98
Insurance	2,400		2,400		2,400	1,445				2,400			2,400			13,445
Utilities-Gas/Elect	2,000	2,000	4,167	2,000	2,000	2,397	2,000	627	2,000	2,000	2,000	2,000	2,000	2,000	2,000	31,191
Utilities-Sewer/water	325	325	550	325	325	325	325	16	325	325	325	325	325	325	325	4,791
Income Tax Return							110									110
<i>Revenue-Assoc. Dues</i>	3,300	3,450	5,025	2,750	2,875	5,399	3,000	3,460	3,125	3,250	3,250	3,250	3,500	3,500	3,500	96,325
<i>delinquent Assoc Dues</i>			(1,725)												Sub Total	52,634
Non-Reimbursable Expenses																
Utilities-Gas/Elec	1,350	1,350	2,100	1,200	1,100		1,000	987	1,000	1,000	1,000	1,000	1,100	1,250	1,350	16,787
Utilities-Sewer/water				750		1,700			750			750			750	4,700
Real Estate Taxes		27,220	27,220							27,220						81,660
Association Dues (shortfall)		7,500	15,000		5,000	5,000					7,500		6,500	6,500		53,000
<i>LPC Development Expenses</i>																
Payment of Non-Reimb	1,350	36,070	44,320	1,950	6,100	5,000	1,000		1,750	28,220	8,500	1,750	7,600	7,750	2,100	153,460
Complete Townhomes	49,500		51,138									45,000				145,638
Complete Conversion Units				26,500	26,500	-	13,750	11,000								77,750
Complete Duplex Units	26,000		29,400													55,400
Capital Costs-Repairs	2,400		2,403	4,200	2,200	4,000	1,850		2,000	2,100	1,000					22,153
Landscape							25,000									25,000
Soft Costs/Advertising		500	500	2,100	3,450	4,675	520		20	20	20	20	20	20	20	11,865
Fees	8,480	4,850	13,330	4,850	4,850	4,654	5,900		4,250	5,900	4,250	7,250	4,250	4,250	4,250	81,314
															Sub Total	572,580
<i>Debt Service*</i>																
\$	1,752,772.00	-			14,700						14,700				14,000	43,400
LPC Development Costs	87,730	41,420	141,091	39,600	57,800	18,329	48,020		8,020	36,240	28,470	54,020	11,870	12,020	20,350	604,980
Net Revenue-Unit Sales			11,941	difference												
Duplex				115,000						115,000						230,000
Conversion Units					45,000		92,000		(2 units)			90,000	(2 units)			227,000
Townhomes							140,000		140,000						140,000	420,000
CDA Capital Contribution		75,000														
Income/Revenue	-	75,000	-	115,000	45,000		232,000		140,000	115,000	-	90,000	-	-	140,000	877,000
Development Cash Position	11,035	44,615		120,015	107,215		191,195		223,175	201,935	173,465	209,445	197,575	185,555	205,205	-
Secured Debt	1,752,772			-			(100,000)		(100,000)	(100,000)					(100,000)	1,352,772
Unsecured Debt (lien debt)	343,389												Estimated Gross Sales Value-Unsold Inventory			1,622,000

* Debt Matures 12/15/11, receiver has not reviewed the note at this juncture